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DEPARTMENT FOR AF/W, DRL

E.O. 12958

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SUBJECT: IMPLEMENTING TRADE BILLS PASSED BY OUTGOING PARLIAMENT - A CONTINUING PRIORITY?

¶11. (U) SUMMARY. Sierra Leone's last parliament unanimously passed three trade promotion bills before the expiration of its term ending June 25, 2007. These bills include the Sierra Leone Investment and Export Promotion Agency Act, the Registration of Business Act, and the General Law (Business Start-Up) Amendment Act. All are intended to promote export and encourage investment. According to recently released World Bank figures, Sierra Leone ranks 160 among 178 rated countries for ease of doing business. The local business community generally welcomed these bills, but expressed that much more needs to be done to ensure increased investment and economic growth. The recent transfer of government authority to All People's Party (APC)'s Ernest Koroma, who ran a successful insurance business prior to his government service, should bode well for the implementation of these bills as well as the for the economic growth of Sierra Leone. END SUMMARY.

PARLIAMENT CREATES NEW TRADE AND INVESTMENT AGENCY

¶12. (U) The outgoing Parliament passed the Sierra Leone Investment and Export Promotion Agency (SLEIPA) Act on March 29, 2007. This act calls for a new entity, the Sierra Leone Investment and Export Promotion Agency (SLEIPA), to replace the Sierra Leone Export Development and Investment Company (SLEDIC), which was charged with promoting exports. Parliament believed that SLEDIC had overly focused on export promotion to the detriment of encouraging foreign investment. The new act mandates that SLEIPA focus its goals equally between investment and export promotion.

¶13. (U) SLEIPA's primary objectives in export promotion will be to encourage the development of agricultural production and exports, to raise local awareness of the importance of exporting, and to advise vendors interested in expanding into foreign markets. To encourage investment in Sierra Leone, the agency will work to identify and educate potential investors as well as to advertise investment opportunities in Sierra Leone.

REGISTRATION OF BUSINESS ACT PASSED

¶14. (U) The Registration of Business Act was passed on June 8, 2007 to strengthen the registration of businesses and safeguard business proprietary names. It provides for tighter restrictions on registering business names to ensure more protection for business owners. The act also decreases the number of steps necessary to obtain a registration certificate, thus reducing the time required to start a business. The number of days to start a business in Sierra Leone is currently 26 days and the act should reduce this period even further.

BUSINESS START-UP LAW REMOVES OBSTACLES

¶15. (U) The General Law (Business Start-up) Act was passed by Parliament on June 6, 2007. This act is aimed at removing barriers to the expeditious establishment, growth, and development of businesses in Sierra Leone. It eases the duration of work and resident permits

to enable foreigners to more easily establish and maintain businesses in Sierra Leone.

ACTS GARNER UNANIMOUS PARLIAMENTARY SUPPORT

¶6. (SBU) The legislation enjoyed the support of all political parties represented in Parliament who unanimously passed all three trade bills. The bills were introduced to Parliament by the Minister of Trade and Industry, Dr. Kadi Sesay, who piloted them through the legislative process. To ensure completion of passage of the legislation prior to the termination of the last session of Parliament, President Kabbah used his constitutional prerogative to issue a certificate of urgency, which mandates that named legislation be immediately put to a vote.

FUTURE OF BILLS IN LIMBO DUE TO RECENT ELECTIONS

¶7. (SBU) While the legislation has been passed, little has been done to implement these laws as Sierra Leone has just completed national elections. Most government officials - elected and career - have spent their work days campaigning for their political party rather than conducting the business of government. The new Parliament, now made up of a majority of the former opposition APC party, will not open officially until early October 2007. The APC opposition candidate Ernest Bai Koroma, a successful businessman, won the presidency and was sworn into office on September 17. However, he has yet to name his cabinet and key ministers and is relying on a temporary transition team at this time. It will fall to this new government - when established - to implement these trade bills and explore more ways to ensure a more positive business and trade environment.

¶8. (U) The implementation of these bills and introduction of other improvements is essential as the current environment is not adequately conducive to the conduct of business. According to recently released World Bank indicators, Sierra Leone ranks low for the ease of doing business at 160 out of the 178 rated countries. Among African countries, it ranks 31 out of 46.

COMMENT

¶9. (SBU) COMMENT: The Sierra Leonean business community welcomes the enactment of the new trade legislation. However, many believe that the GoSL must do considerably more if the business environment is to open up and promote true economic growth. For example, restoring key infrastructure, such as a reliable energy supply, will be critical to making Sierra Leone an attractive business opportunity. In particular, the business community looks forward to a reduction of the high duties placed on imports by the National Revenue Authority (NRA), which they consider to be the most critical barrier to investment in Sierra Leone. They believe that lowering import duties will have a multiplying effect by encouraging additional business investment, promoting employment, lowering the costs of consumer goods and services, and reducing the high cost of living. However, considering revenues generated from import duties are the third largest source of income for the government, it seems highly unlikely that the new government would significantly reduce these duties anytime soon.

¶10. (SBU) COMMENT CONT'D: Before joining Parliament and taking on the Presidency, President Koroma was a successful businessman in the insurance sector. Considering this, we expect that he will actively address the concerns of the business community and, therefore, push the implementation of these bills forward once his government is in place. Beyond this legislation, many speculate that his business background will lead him to encourage even more significant improvements in the business environment that will expand investment opportunities and reduce the burdens of running a business in Sierra Leone, which would be a positive improvement for Sierra Leone and a necessary contribution to the country's development. END COMMENT.

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